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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000434

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SUBJECT: TAIPEI COUNTY MAGISTRATE CHOU HSI-WEI ON KMT
POLITICS AND LOCAL DEVELOPMENT

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

11. (C) Summary: During an introductory meeting with the Director on February 15, Taipei County Magistrate Chou Hsi-wei (KMT) suggested that friction between former KMT Chairman Ma Ying-jeou and other pan-Blue leaders stemmed from Ma's failure to treat them with sufficient "respect." Shy by nature, Ma has kept his distance from others, and his unwillingness to engage in traditional style politics has prevented him from developing a rapport with ordinary Taiwanese people. Chou expressed concern that Ma may not be tough enough to compete in the 2008 presidential election with the DPP, who will fight with all means to win elections at any cost. Chou noted that Legislative Speaker Wang Jin-pyng has told him he wants to run for president, adding he believes Wang would settle for the KMT vice presidential nomination under Ma. In addition to politics, Chou also discussed plans for major investments in Taipei County and steps being taken to stop the discharge of polluted waters into tributaries of the Danshui River. End Summary.

Future Proposal to Combine Taipei City and County

12. (C) During an introductory call on Taipei County Magistrate Chou Hsi-wei (KMT) on February 15, the Director asked about the KMT proposal to combine Taipei County and City. Chou noted that Taipei Mayor Hau Long-bin and he agreed that this was the right direction, and Vice President Annette Lu was also supportive of the idea. The biggest problem will be gaining Executive Yuan support, Chou said, adding that Taipei City, treated as a special capital district, has double the budget and three times the administrative staff of Taipei County, despite its smaller population. Currently, county and city governments are beginning to work together more closely, and there is a bill in the Legislative Yuan (LY) to bring the tax revenue of the county into line with that of the city. In the future, after the two governments have become familiar with each other and harmonized regulations, then they will be able to merge if the LY passes required legislation.

Economic Development

13. (SBU) Economic development is an important priority for the county government, Chou stressed, adding that he had been working hard to bring in more high-tech investment. Formosa Plastics is making a major investment in the county, and business tycoon Douglas Hsu has decided to build a telecommunications R&D center in Banciao City. Chou noted that he and other county officials had met with Hsu and his team twice to resolve a series of problems that had led Hsu to threaten to pull out of the project.

Stopping Water Pollution

14. (SBU) In addition to economic development, Taipei County is also focused on dealing with its environmental problems, Chou noted. One important measure is to stop the flow of polluted water into tributaries of the Danshui River. The county now has the use of a major water treatment facility that had previously been used by Taipei City. Stopping the discharge of polluted water is only one step in the cleanup of the Danshui River, Chou noted, as the river bottom remains heavily polluted. Nonetheless, in the next few years, the river's water quality will improve enough to allow boating though not swimming.

Ma Ying-jeou's Weaknesses

15. (C) Turning to politics, Chou suggested that the high point for the KMT was the December 2005 local elections. Since then, former Chairman Ma Ying-jeou has proven "too gentle." Ma may be too weak to compete with DPP candidates, who are tough and willing to fight with all means to win at any cost, including even their own integrity. Ma does not

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fit in with the traditional way of conducting politics in Taiwan, Chou observed. Taiwan's local representatives are elected not on the basis of integrity but personal relationships and friendships, which are cultivated by joining together and drinking tea or stronger beverages. Appearing overdressed or over-educated can be a liability in such settings. Ma, who is shy, keeps everyone at a distance and does not give people a warm feeling. For example, Chou recalled how Ma suddenly stopped talking to check his schedule in the midst of an important discussion between Chou and Ma about People First Party (PFP) Chairman James Soong.

Wang Jin-pyng and Lien Chan

16. (C) Chou confirmed the widespread impression that Ma does not get along with LY Speaker Wang Jin-pyng, Honorary KMT Chairman Lien Chan, or PFP Chairman James Soong. They would like Ma to work with them but do not feel that Ma respects them. Ma's problems with Wang began before the 2005 election for KMT chairman at which time Ma cast himself as a "saint" and identified Wang with KMT corruption. Chou said he now talks to Wang Jin-pyng once a week, adding that just after the announcement of Ma's indictment, Wang had told him that he wanted to run for president. Chou added that he believed Wang would accept the vice presidential nomination under Ma. On Ma's problems with Lien Chan, Chou noted that in 2005 Lien had hoped to stay on as party chairman for one more year until 2006. Lien's proposal was that Ma could become chairman after he had stepped down as Taipei mayor. Ma, however, rejected this idea. Recently, Chou noted, Ma had tried to talk to Lien, but Lien had complained that "Ma is not sincere."

Mainlanders with the Common Touch Can Win Taiwanese Votes

17. (C) Chou cited his own experience to show that a second generation Mainlander could win election in a heavily Taiwanese district such as Taipei County, which is 70 percent

Taiwanese and 15 percent Hakka. Noting that he had grown up in Taipei County and City, Chou pointed out that he had become fluent in Taiwanese after being elected to the former Taiwan Provincial Assembly in 1994. Chou said he now spoke Taiwanese "all the time," often wore blue jeans when visiting local areas, and the local people accepted him. Asked about upcoming LY elections in Taipei County, Chou predicted the pan-Blue will win 7-8 of the total 12 seats, though the actual results will depend on the candidates, who have not yet been selected.

Defense Budget

18. (C) The Director expressed hope that the LY will soon pass the defense budget. Chou observed that Ma has agreed to the defense budget and James Soong has given up his efforts to prevent PFP members from voting for arms procurement.

Comment

19. (C) Chou's candid criticism of Ma, despite Ma's having campaigned heavily for him in December, 2005, reflects a widespread frustration with Ma's inability to capitalize on his earlier popularity and assert strong leadership over the KMT. Ma's recent indictment for corruption further complicates his prospects for winning the presidency in 2008.

That said, most within the KMT believe that Ma remains their only viable candidate for 2008 and their hope is that over the coming months Ma will focus on enhancing his appeal to ordinary Taiwanese voters. Chou, who met with us alone, comes across as personable and down-to-earth, focused on local issues, but also a shrewd observer of pan-Blue leadership politics.

YOUNG